1997 ASSEMBLY BILL 185

March 13, 1997 – Introduced by Representatives Olsen, Harsdorf, Powers, Ainsworth, Brandemuehl, Duff, Grothman, Gunderson, Hahn, Huber, Jensen, Kreibich, La Fave, F. Lasee, Murat, Musser, Ott, Owens, Seratti, Springer, Sykora and Zukowski, cosponsored by Senators Moen, Buettner, Decker, Drzewiecki, Grobschmidt, Huelsman and Welch. Referred to Committee on Ways and Means.

- 1 AN ACT to amend 779.14 (1m) (b) 1. of the statutes; relating to: performance
- bonding requirements for certain contracts for public improvements or public
 works.

Analysis by the Legislative Reference Bureau

Under current law, certain contracts pertaining to public improvements or public works are required to contain a provision for the payment by the prime contractor of all claims for labor performed and materials furnished, used or consumed in making the public improvement or performing the public work. The prime contractor is required to give a performance bond for payment of these claims. These requirements apply to contracts with the state, if the contract involves \$2,500 or more, and to other public improvement or public work contracts, if the contract involves \$500 or more. Prior to 1995 Wisconsin Act 395, the performance bond requirement could be waived if the appropriate governmental entity determined that the contract provided for adequate guarantees or warranties of performance. This authority to waive performance bond requirements was repealed by 1995 Wisconsin Act 395.

This bill eliminates the performance bond requirements for contracts that do not exceed \$10,000 and restores the authority to waive the performance bond requirements for contracts in excess of \$10,000.

ASSEMBLY BILL 185

1

2

3

4

5

6

7

8

9

10

11

12

13

14

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 779.14 (1m) (b) 1. of the statutes is amended to read:

779.14 (1m) (b) 1. A contract under par. (a) shall may not be made unless the prime contractor gives a bond issued by a surety company licensed to do business in this state and unless the prime contractor agrees, to the extent practicable, to maintain a list of all subcontractors and suppliers performing labor or furnishing materials under the contract. A contract under par. (a) in excess of \$10,000 may not be made unless the prime contractor gives a bond issued by a surety company licensed to do business in this state. The department of natural resources for contracts under s. 23.41, the department of administration for other state contracts, and the public board or body authorized to enter into such contracts for all other contracts under par. (a), may waive the requirement that contractors furnish bonds if guarantees or warranties deemed adequate by the department of natural resources, department of administration or public board or body are provided for by the contract.

15 (END)